

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

IN THE MATTER OF THE APPLICATION OF
OKLAHOMA GAS AND ELECTRIC COMPANY
FOR AN ORDER OF THE COMMISSION
AUTHORIZING APPLICANT TO MODIFY ITS
RATES, CHARGES, AND TARIFFS FOR
RETAIL ELECTRIC SERVICE IN OKLAHOMA.

CAUSE NO. PUD 200800398



FILED

JUN 22 2009

COURT CLERK'S OFFICE -- OKC
CORPORATION COMMISSION
OF OKLAHOMA

PRE-FILED RESPONSIVE TESTIMONY OF
DEBBIE PRATER

June 22, 2009

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OF

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INTRODUCTION

1 **Q: Please state your name, by whom you are employed, in what capacity, and**
2 **your business address.**

3 A: My name is Debbie Prater. I am employed by the Oklahoma Corporation
4 Commission ("OCC" or "Commission"), in the Public Utility Division ("PUD"). I am
5 a public utility regulatory analyst, under the direct supervision of Marvin Vaughn,
6 coordinator of energy and water; Bob Thompson, certified public
7 accountant/manager of accounting; and Brandy Wreath, chief of energy and
8 water. My business address is the Oklahoma Corporation Commission located
9 in the Jim Thorpe Office Building, Room 580, 2101 N. Lincoln Boulevard,
10 Oklahoma City, Oklahoma 73152-2000.

11

12 **Q: What are your duties and responsibilities?**

13 A: I am responsible for conducting audits of public utilities during companies' filed
14 requests for rate changes. I also am responsible for reviewing companies' fuel
15 procurement and generating practices and assisting with processing their tariff
16 change applications. For a complete list of my work history, please review the
17 attached *curriculum vitae*, Exhibit DP1.

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19 **Q. Have you previously testified before this Commission and have your**
20 **credentials been accepted?**

21 A. Yes.

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PURPOSE

Q: Please state the purpose for which PUD is filing testimony for Cause No. PUD 200800398.

A: The purpose of my responsive testimony is to present the PUD Staff's recommendations to the Commission concerning specific issues related to the request for rate relief filed by Oklahoma Gas and Electric Company (OG&E).

Q: What was the scope of your analysis in cause 200800398?

A: I was assigned the following expense areas: lobbying/legislative advocacy, rate case, postage, moving/relocation, miscellaneous general, FERC assessment, utility/OCC assessment, sale of assets, research/development and return check fees.

Q: What adjustments are you sponsoring?

A: I am sponsoring staff adjustment number H-4, to decrease \$222,777 of lobbying expenses that were included in the cost of service. I am also sponsoring staff adjustment number RB-3, to decrease rate base by \$968,802 for OCC assessment fees. In addition Staff conducted a review, but made no adjustments in the following areas: rate case, postage, moving/relocation, miscellaneous general, FERC assessment, sale of assets, and research/development.

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EXECUTIVE SUMMARY

LOBBYING AND LEGISLATIVE ADVOCACY EXPENSES

Staff proposes staff adjustment number H-4, to decrease \$222,777 of lobbying and legislative advocacy expenses that were included in the cost of service because the rate payers have no control or input over the decision making process regarding OG&E's lobbying tactics.

UTILITY ASSESSMENT FEES

Staff proposes staff adjustment number RB-3, to decrease \$968,802 of Utility Assessment Fees from the Rate Base to avoid double recovery by charging to expenses and in rate base.

RETURN CHECK FEES

Staff proposes a reduction in return check fees from \$25.00 to \$10.00. The \$10.00 per item is still greater than the current cost to OG&E, but more in line with the actual cost of service and not punitive to the customer. This would result in \$332,213 moving from miscellaneous revenues back into base rate revenues.

TESTIMONY

Q: Please describe your analysis of this application?

A: I read through the application, testimonies, prior and current data request responses, and reviewed work papers from previous related causes. I am familiar with OAC 165: 70 and 35 *et seq.*

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LOBBYING AND LEGISLATIVE ADVOCACY EXPENSES

3 **Q: Has OG&E requested any lobbying expenses in its new rates?**

4 A: Yes, the Company is proposing to recover approximately \$214,485 in lobbying
5 expenses. In addition to these expenses, as OG&E responded to the Attorney
6 General's data request 5-11, \$8,292 of political action committee expenses were
7 erroneously included in the cost of service. Although Staff can visualize some
8 benefits of lobbying (i.e. promoting economic development, conservation,
9 efficiency, safety, and responding to environment issues) the ratepayers have no
10 control or input over the decision-making process regarding OG&E's lobbying
11 tactics. Therefore, Staff proposes the removal of staff adjustment H-4, \$222,777
12 in lobbying and legislative advocacy expenses that were included in the cost of
13 service.

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UTILITY ASSESSMENT FEES

16 **Q: Why did Staff disallow rate base treatment of OCC assessment fees from**
17 **regulatory assets?**

18 A: OCC assessment fees constitute a cost that is being expensed in base rates.
19 The OCC assessment fees that are included in the regulatory asset are an
20 "accrual" of these OCC assessment fees. OCC assessment fees are costs that
21 should be expensed like any other normal business expense. OG&E has the
22 right to have an accrual account for OCC assessment fees on its books, but Staff
23 does not recommend including this "accrual" account in rate base under

1 "regulatory assets"; essentially having a double recovery by charging it to
2 ratepayers as an expense and getting a return on the investment in rate base.
3 Therefore, Staff proposes the removal of staff adjustment RB-3, \$968,802 from
4 the rate base to disallow rate base treatment of this item.

5

6 **OTHER ITEMS / RETURN CHECK FEES**

7 **Q: Are there any issues or concerns you wish to discuss regarding your**
8 **assigned line items?**

9 A: Yes, my analysis of return check fees shows that ratepayers are paying OG&E
10 \$25.00 per returned check. OG&E's financial institution is charging OG&E
11 approximately \$2.50 per item through cash management. As a former financial
12 veteran, it is my experience that this number will fluctuate higher and lower,
13 depending on OG&E's assets with the financial institution. OG&E was assessed
14 \$17,176 from its financial institution for return check fees; (see response to DR
15 DP-6-1). OG&E had other expenses associated with return check fees of
16 \$122,810. The fees of \$17,176 plus \$122,810 equal \$139,986; (see response to
17 DR DP-10-1). OG&E's customers were assessed a total of \$536,273; (see
18 response to DR DP-6-2 for return checks during the test year). Staff considers
19 this difference an excessive amount. Staff recognizes there will be fluctuation in
20 the expenses OG&E realizes; therefore staff is recommending a reduction in
21 return check fees from \$25.00 to \$10.00. The \$10.00 per item is still greater than
22 current costs to OG&E, but is more in line with actual cost of service and not
23 punitive to the customer.

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STAFF RECOMMENDATION

Q: What is Staff's recommendation for your assigned areas in PUD Cause No. 200800398, Oklahoma Gas & Electric Company ("OG&E") application to modify its rates, charges, and tariffs for retail electric service in Oklahoma?

A: Staff recommends staff adjustment number H-4, to decrease \$222,777 of lobbying and legislative advocacy expenses that were included in the cost of service. Staff also proposes staff adjustment number RB-3, to decrease \$968,802 of Utility Assessment Fees from the Rate Base to avoid double recovery by charging to expenses and in rate base. In addition, Staff recommends the reduction of Return Check Fees from \$25.00 to \$10.00. This would result in moving \$332,213 from Miscellaneous Revenues back into Base Rate Revenues.

I state under penalty of perjury under the laws of Oklahoma that the foregoing is true and correct.

Debra K. Prater

(Signature)

June 22, 2009, Oklahoma

(Date and Place)



Debra Prater

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Education	Oklahoma Corporation Commission	2009 - Present
	<ul style="list-style-type: none"> • Western Utility Rate School – Michigan State University - May 2009 	

	JP Morgan Chase Management Training	2003 - 2008
	<ul style="list-style-type: none"> • Continuing education for bankers and managers • Audit process and management • Financial transactions training including lending and investment funding 	

	Oklahoma City South Community College	1982-1983
	<ul style="list-style-type: none"> • Principles of Banking • Principles of Law and Banking 	

Work Experience	Oklahoma Corporation Commission	September 2008-Present
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Public Utility Regulatory Analyst

- Conduct monthly fuel filing audits
- Perform analysis relating to company filings
- Assigned team member on the following PUD Causes:
200800306, 200800398, 200800413, 200800317, 200900016,
200900050

JP Morgan Chase Bank	2003 - 2008
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Assistant Vice President

- Managed sales and service functions for the Oklahoma City downtown retail-banking center
- Federal regulatory audits
- Personnel management including: recruiting, training, evaluation, and salary management
- Branch performance and loss management through budget oversight including loss mitigation management

Retirement Investment Advisors	2001 - 2003
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- Facilitate various securities related tasks, i.e. account application, distribution and transfer processing
- Team reached 2nd tier quarter goal of 12,500,000 in new funds
- File management and tracking for prospects, new clients and transfers to monitor goals for advisors.

Staples Office Supply	1999 - 2001
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Regional Administration

- Initial store set-up team in the Oklahoma Market
- Compiled, calculated, and prepared detailed schedules, reports, travel arrangements, and email maintenance.
- Performed various administrative functions for regional manager

BankOne/Liberty Bank	1984 - 1999
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First Line Officer

- Designed and facilitated operations division database
- Tracked personnel data for employees
- Provided in-house support for integrated software.
- Tracked man-hours and productivity to establish benchmarks
- Measurement of production, expenses, and quality data
- Perpetuated Quality Assurance and recognition program.
- Corporate volunteer for civic and community activities.



Debra Prater

Exhibit DP-1

2009 Curriculum Vitae

Professional Training

- Western Utility Rate School – Michigan State University
- JP Morgan continuing education for managers
- OCCC – Principles of Banking
- OCCC – Law & Banking
- The Seven Habits of Highly Effective People
- Confidence, Composure, and Competence for Working Women

CERTIFICATE OF SERVICE

I, the undersigned, do hereby certify that on the 22nd day of June, 2009, a true and correct copy of the above and foregoing was deposited, with postage prepaid thereon, in the U.S. Mail to:

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